DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: POSITION: Oppose

Original

AUTHOR: B. Huff

RELATED BILLS:

BILL NUMBER: SB 719

AB 1194, SB 502

BILL SUMMARY: State Agency Internet Web Sites

This bill, known as the Taxpayer Transparency Act of 2009, would require every department within the state to develop and maintain a publicly accessible website, at no cost to the user, that provides specified details for all departmental expenditures in excess of \$1,000. The only expenditures that would be exempted are public assistance payments to individuals and transfers between departments. The type of expenditures would include, but are not limited to: contracts; expenditures from a reserve account; grants; purchase orders; subcontracts; and tax refunds, rebates, and credits. Each department would be required to have the website available by July 1, 2010 with unspecified assistance from the Office of the State Chief Information Officer (OCIO), the Department of Finance (Finance), the Department of General Services (DGS), and the Governor's Office (GO). The website would be required to include information from fiscal year 2008-09 and thereafter, and be updated monthly. In addition, the website would be required to include information in a format that is both searchable and can be downloaded and manipulated by the user.

FISCAL SUMMARY

Statewide implementation of this bill would have significant increased costs to the General Fund. One-time costs would likely be in the range of tens of millions of dollars with significant ongoing costs, probably exceeding \$1 million annually.

COMMENTS

Finance is opposed to SB 719, as it is virtually identical to SB 1494 of 2008 which we also opposed. (SB 1494 did not pass out of the Senate Appropriations Committee and was inactive at the close of the 2007-08 session.) Below are our comments.

- The data requirements outlined by this bill would be duplicative of the efforts of the Financial Information System for California (FI\$Cal) project under development by several partner agencies, which would contain departmental expenditure information through a statewide enterprise system. FI\$Cal includes a public portal component; however the timing and phase of the FI\$Cal project in which the portal would be implemented has not been determined. In response to FI\$Cal, Finance and the OCIO issued a moratorium on the development of administrative IT systems through Budget Letter 08-05. This bill would be contrary to the objectives of that moratorium.
- In order to meet the July 1, 2010 deadline, much of the required data would need to be manually
 collected and processed by the departments, which would be further compounded by the distributed
 nature of many departments' accounting functions. There are hundreds of systems, both automated
 and manual, used in departments today to collect and maintain the type of expenditure data required by
 this bill. Significant programming effort would be required to compile this information and make it
 available for public access.
- Development and maintenance of the required websites would require web tools and development resources that may be unavailable to many of the state's departments and agencies. The technical

Analyst/Principal (0843) R. Gillihan	Date	Program Budget Manager Diana Ducay	Date
Department Deputy Di	rector		Date
Governor's Office:	Ву:	Date:	Position Approved Position Disapproved
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

B. Huff Original SB 719

complexity of this activity would be exacerbated by the requirement that the user be able to download and manage the data with appropriate software.

- Given the concerns noted above, including the substantial workload that would be involved on the part
 of both complying departments and named control agencies, the required implementation date of
 July 1, 2010 appears to be unachievable.
- The California State Accounting and Reporting System (CALSTARS) was developed to provide all state agencies with an automated organization and program cost accounting system to accurately and systematically account for all revenue, expenditures, receipts, disbursements, and property of the state. However, CALSTARS does not contain the level of detail which appears necessary to comply with the information requirements of the bill. For example, data maintained in CALSTARS does not include a description of the purpose of the expenditure and multiple purchases included in a single invoice are not itemized by type.
- According to the author's office, SB 719 is based on the Federal Funding Accountability and
 Transparency Act of 2006, which implemented a free, publicly searchable website for federal grants and
 contracts. We researched this website and note that it contains a transactional database from which
 data can be downloaded in a variety of formats and manipulated by the user. The website is estimated
 by the Congressional Budget Office to cost \$15 million throughout its authorized time period
 of 2007-2011.
- According to the author's office, Kansas, Oklahoma, Texas, Hawaii, and Minnesota have enacted legislation similar to the federal act described above. We were unable to locate any expenditure information on the Hawaii state government website, however we located and researched the expenditure information on the websites of the other four states. We note that the data on these websites is accessed by querying and generating browser-based reports, and none appears to incorporate data that can be downloaded or otherwise manipulated by the user.
- The bill would require that each department develop its own approach to implementing the searchable
 website and methodology for downloading data. In our opinion, it may be more appropriate to adopt an
 enterprise-wide approach to the posting of this information. Such an approach might consist of a single
 website to which departments post information, similar to the federal model and the model employed by
 Kansas, Oklahoma, Texas, and Hawaii.

	SO			(Fiscal Ir	npact by Fiscal Y	ear)		
Code/Department	LA			(Dolla	ars in Thousands))		
Agency or Revenue	CO	PROP						Fund
Туре	RV	98	FC	2008-2009 FC	2009-2010	FC	2010-2011	Code
9990/Var Depts	SO	No		C	\$5,500 -			0001
					11,000			
9990/Var Depts	SO	No		C	\$3,000 - 6,000			0494
9990/Var Depts	SO	No		C	\$1,500 - 3,000			0988
9990/Var Depts	SO	No				С	\$500 - 1,000	0001
9990/Var Depts	SO	No				С	\$350 - 700	0494
9990/Var Depts	SO	No				С	\$150 - 300	0998

Fund Code	<u>Title</u>
0001	General Fund
0494	Other - Unallocated Special Funds
0988	Other - Unallocated NGC Funds
0998	Reserved-Ofc Revolving Fund-CALSTARS